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BEFORE THE ARIZONA

CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF ARIZONA PUBLIC
SERVICE COMPANY FOR AN
EMERGENCY INTERIM RATE
INCREASE AND FOR AN INTERIM
AMENDMENT TO DECISION NO.
67744.

Docket No. E-01345A-06-0009

NOTICE OF FILING

Intervenors Local Unions 387, 640, and 769, International
Brotherhood of Electrical Workers, AFL-CIO, CLC, by and through
undersigned counsel, hereby provide notice of their filing of the
Direct Testimony of Robert E. DeSpain in this docket.

RESPECTFULLY SUBMITTED this 28th day of February 2006.

LUBIN & ENOCH, P.C.

Nicholas J. Enoch, Esq.
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Original and thirteen (13) copies
of the foregoing filed this 28th
day of February 2006, with:

Arizona Corporation Commission
Docket Control Center
1200 West Washington Street
Phoenix, Arizona 85007-2996

Copies of the foregoing hand-delivered*/
mailed this same date to:

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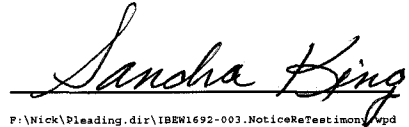
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1 Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A1. Robert E. DeSpain. My business address is 5818 North 7th
3 Street, Suite 201, Phoenix, Arizona 85014.

4 Q2. PLEASE DESCRIBE YOUR RECENT EMPLOYMENT.

5 A2. I am the Business Manager/Financial Secretary for Intervenor
6 Local Union 387, International Brotherhood of Electrical
7 Workers, AFL-CIO, CLC ("IBEW Local 387"). The position of
8 Business Manager/Financial Secretary is an elected union
9 position, and I was elected to my present position in 2004.
10 Because all IBEW local unions have a person holding the
11 position called "President," it is common for persons
12 outside of our organization to believe that the "President"
13 is the principal officer of the Local. That is not the
14 case. Article 17, §§ 4 and 8 of the Constitution of the
15 International Brotherhood of Electrical Workers, AFL-CIO
16 clearly states that the Business Manager/Financial Secretary
17 is the "principal officer" of any IBEW Local Union.

18 Prior to my recent election, I was employed by Arizona
19 Public Service Company ("APS") for twenty-six (26)
20 years in a variety of bargaining unit positions, the
21 last of which was as a Chromemoly Welder at the Cholla
22 Power Plant. While employed at APS, I was a very
23 active member of IBEW Local 387, including being a
24 member of IBEW Local 387's Executive Board for many
25 years.

26 Q3. WHO IS IBEW LOCAL 387?

27 A3. IBEW Local 387 is a labor organization which, for the most
28 part, represents non-managerial utility workers throughout
most of the State of Arizona. For example, IBEW Local 387
is the duly elected and recognized exclusive bargaining
agent for a substantial number of employees of Arizona Water
Company, Graham County Electric Cooperative, Inc., Navopache
Electric Cooperative, Inc., and the Santa Cruz District of
UniSource Energy Corporation ("UniSource") f/k/a Citizens
Communications Company. IBEW Local 387 is also the duly
elected and recognized exclusive bargaining agent for
approximately two thousand (2,000) employees of APS. IBEW
Local 387 and APS have entered into a long series of
collective bargaining agreements dating back to 1945
concerning rates of pay, wages, hours of employment, and
other terms and conditions of employment.

Q4. DO YOU BELIEVE APS IS A RESPONSIBLE CORPORATE CITIZEN?

A4. Absolutely. While by no means perfect, the relationship
between IBEW Local 387 and APS is one which is mature and
stable. It is clear that this stability has enured to the
benefit of APS, its employees, and customers.

1 In my opinion, the importance of the relationship between a
2 public service corporation and its employees cannot be
3 overstated. Acrimonious relations between a public service
4 corporation and the certified representative of its
5 employees will almost certainly hinder the company's ability
6 to provide safe, reasonable, and adequate service. An
7 acrimonious relationship may also impair the ability of the
8 public service corporation to attract capital at fair and
9 reasonable terms.

6 **Q4. WHO IS IBEW LOCAL 640?**

7 A4. Local Union 640, International Brotherhood of Electrical
8 Workers, AFL-CIO, CLC ("IBEW Local 640") is a sister local
9 of IBEW Local 387. While IBEW Local 640 represents some
10 employees outside of the electrical/utility industry, it
11 would be fair to say that IBEW Local 640's primary interest
12 in this case is in its role as the supplier of highly-
13 skilled employees to the Palo Verde Nuclear Generating
14 Station ("Palo Verde") through an International Maintenance
15 Agreement. This agreement was entered into between Bechtel
16 Power Corporation ("Bechtel"), the contractor for APS's
17 construction workers at Palo Verde, and the Building and
18 Construction Trades Department, AFL-CIO, its constituent
19 International Unions, and their affiliated Local Unions.
20 Bechtel has recognized the Unions as the sole bargaining
21 agents for all employees in the classifications covered in
22 their respective agreements that will be working on the
23 project.

16 **Q5. WHO IS IBEW LOCAL 769?**

17 A5. Like IBEW Local 640, Local Union 769, International
18 Brotherhood of Electrical Workers, AFL-CIO, CLC ("IBEW Local
19 769") is another of our sister locals. IBEW Local 769 is a
20 labor organization which represents non-managerial utility
21 workers throughout the State of Arizona. For example, IBEW
22 Local 769 is the duly elected and recognized exclusive
23 bargaining agent for a substantial number of employees of
24 the Mohave County Electric Operations of UniSource. As a
25 union which represents a large number of employees involved
26 in the outside line construction industry, IBEW Local 769
27 also represents employees of subcontractors working for APS.
28 For example, IBEW Local 769 has recently provided outside
line construction work for APS through Argent Construction,
Inc., Par Electrical Contractors, Inc., Southwest Energy
Solutions, Inc., and Sturgeon Construction, Inc. At any
given time, IBEW Local 769 will have anywhere from five (5)
to two hundred (200) of its bargaining unit employees
working for subcontractors of APS.

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1 Q6. ARE IBEW LOCALS 387, 640, AND 769 SEPARATE LEGAL ENTITIES?

2 A6. Yes. In addition, it is well-settled that our International
3 Union and its constituent local unions, including my own,
4 are also separate legal entities. That being said, the
5 various IBEW Local Unions in the State of Arizona meet on a
regular basis to discuss issues of mutual concern and,
generally speaking, we are familiar with and supportive of
the actions of each other.

6 Q7. DO IBEW LOCALS 387, 640, AND 769 HAVE A STAKE IN THIS
7 PROCEEDING OTHER THAN IN THEIR CAPACITY AS LABOR
ORGANIZATIONS?

8 A7. Yes. As building owners in APS's service territory, each of
9 the Locals falls within the definition of a "small-business"
10 customer under the E-32 Rate Plan - i.e., the standard plan
for APS commercial customers who have a demand of less than
3,000 kilowatts a month.

11 Q8. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

12 A8. I am testifying with respect to a particular issue raised in
13 the January 7, 2006 Arizona Republic article entitled "APS
14 seeking 14% emergency hike in rates". According to that
15 article, Commissioner Kristin K. Mayes believes that APS has
16 "dug themselves into a hole, and they need to get out of it"
17 and that, in lieu of raising rates, "APS [should] explore
18 other options, including... reduced executive salaries."
19 IBEW Locals 387, 640, and 769 respectfully disagree with
20 Commissioner Mayes's suggestion. In our collective opinion,
the issue of executive compensation at APS is wholly
unrelated to the issues presented in this proceeding. In
particular, APS did not get into this so-called "financial
jam" because of the level of compensation it pays to its
employees, including its executives, nor will it solve (in
whole or in part) its current problem by reducing said
compensation.

21 Q9. DOES THIS CONCLUDE YOUR TESTIMONY?

22 A9. Yes.

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